

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 ICA-11
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AMEMBASSY PARIS
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AMCONSUL ISTANBUL
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USDOCOLANDSOUTHEAST
USAFE

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E.O. 11652 N/A
TAGS: ELAB, PINT, TU
SUBJ: ECEVIT CALLS FOR RESTRAINTS IN COLLECTIVE BARGAINING

REF: (A) 77 ANKARA 9399 (DTG 291417Z DEC 77); (B) ANKARA 1113
(DTG 100938Z FEB 78); (C) ANKARA 1114 (DTG 100945Z FEB 78)

1. AMONG OTHER TOPICS COVERED DURING HIS MAY 9 PRESS
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CONFERENCE ON THE EVE OF HIS DEPARTURE FOR GERMANY,
PRIMIN ECEVIT DISCUSSED COLLECTIVE BARGAINING PORBLEMS IN
THE CONTEXT OF TURKEY'S NEED FOR FOREIGN AID. HE EMPHASIZED
THAT THE COLLECTIVE BARGAINING SYSTEM HAD BECOME CHAOTIC
AND THAT IRRESPONSIBLE BEHAVIOR WAS UNDERMINING THE SYSTEM.
IT HAS BECOME COMMON, HE SAID, FOR DEMANDS OF OVER 100
PERCENT, SOMETIMES 200-300 PERCENT, TO BE BROUGHT TO THE

BARGAINING TABLE. RESPONDING TO THESE DEMANDS HAS BECOME IMPOSSIBLE BECAUSE THEY CAN ONLY BE ANSWERED BY CUTTING FROM THE PEASANTS, REDUCING INVESTMENTS, INCREASING UNEMPLOYMENT AND LETTING THE STATE SINK. HE CALLED FOR RESTRAINTS AND EXPRESSED CONFIDENCE THAT TURKISH WORKERS WOULD MANIFEST RESPONSIBILITY AND UNDERSTANDING. CONSIDERATION OF THIS SUBJECT WAS BEING UNDERTAKEN BY THE STATE PLANNING ORGANIZATION, HE SAID. ON HIS RETURN, DISCUSSIONS WOULD BE HELD IN THE COUNCIL OF MINISTERS, AND THE TRADE UNIONS WOULD BE CONSULTED.

2. COMMENT: THE PRIMIN'S CALL (WHICH IS WITHOUT LOCAL PRECEDENT, AT LEAST IN RECENT YEARS) COMES AT A TIME WHEN MANY CONTRACTS IN THE PUBLIC SECTOR ENTERPRISES ARE BEING RENEGOTIATED (REFA), AND THE WORKERS CONCERNED WANT TO CATCH UP, AT LEAST IN PART, WITH BENEFITS WON IN THE PRIVATE SECTOR (REFS B AND C). WHEREAS THE PUBLIC SECTOR WOULD BE THE FIRST AFFECTED BY A RESTRAINTS PROGRAM, ECEVIT APPARENTLY EXPECTS ALL TRADE UNIONS TO SHOW UNDERSTANDING.

3. THE WAGE-PRICE SPIRAL, INFLATION, UNEMPLOYMENT AND MANY OTHER DOMESTIC PROBLEMS REQUIRE URGENT ATTENTION, AND THIS FACT IS WIDELY UNDERSTOOD IN THE LABOR MARKET. THE RECENT NOTATION BY ISTANBUL CHAMBER OF COMMERCE THAT THE ISTANBUL COST OF LIVING ROSE BY 62 PERCENT BETWEEN APRIL 1977 AND APRIL 1978 ILLUSTRATES THE STRONG INFLATIONARY TREND. A SOLUTION, HOWEVER, WILL REQUIRE THE BALANCING OF MANY LIMITED OFFICIAL USE

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FACTORS, E.G. TAX REFORMS, PRICE AND RENT CONTROLS AND SAVINGS. HANDLING THE SITUATION WILL ENTAIL A JUGGLING ACT WITH THE MANY COMPONENTS OF THE PROBLEM. MUCH WILL DEPEND ON HOW ECEVIT WILL ANSWER THE WORKERS' DEMAND THAT THEY ALONE NOT BE CALLED UPON TO MAKE SACRIFICES.

4. ECEVIT'S STATEMENT CAN BE CONSIDERED THE OPENING MOVE IN WHAT WE HAVE BEEN TOLD AT HIGHLEVEL WILL BE AN EFFORT TO APPLY MORAL SUASION TO HOLDING DOWN WAGE INCREASES. THE IMF STAFF PAPER ON TURKEY PRESENTED TO THE BOARD OF DIRECTORS IN CONNECTION WITH THEIR CONSIDERATION OF A STANDBY AGREEMENT (EBS/78/154, SUPP.1), NOTES THAT THE SUCCESS OF THE STABILIZATION MEASURES ADOPTED BY THE TURKISH GOVERNMENT WILL DEPEND IMPORTANTLY ON THE WILLINGNESS OF WAGE EARNERS AND OTHER INCOME RECIPIENTS TO MODERATE THEIR DEMANDS FOR INCREASES IN INCOME. THE PAPER NOTES THAT SUCCESS IN THE INCOMES POLICY AREA DEPENDS ON THE ABILITY OF THE GOVERNMENT TO INSPIRE CONFIDENCE THAT SHOURTRUN SACRIFICES WILL RESTORE TURKEY'S POTENTIAL FOR LONG-TERM GROWTH AND THAT GAINS IN GROWTH WILL BE DISTRIBUTED MORE EQUITABLY. NEW GOVERNMENT TAX PROPOSALS AIM AT A MORE EQUITABLE DISTRIBUTION OF THE TAX BURDEN.

THE JOB NOW REMAINS FOR ECEVIT AND OTHER GOVERNMENT OFFI-
CIALS TO PERSUADE WAGE EARNERS THAT IT IS IN THEIR LONG-
TERM INTEREST TO MODERATE THEIR DEMANDS FOR WAGE INCREASES.
IN A PERIOD OF RAPID INFLATION THIS WILL NOT BE AN EASY
TASK. SPIERS

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